

School Finance

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PAYMENT CALCULATIONS

September Foundation Payment Calculation

The September Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best available data reported by the district to DESE.

It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance (573-751-0357; finadmgo@deese.mo.gov) with questions or concerns about the district's calculations.

State Adequacy Target (SAT) – September Payment

The State Adequacy Target used in the September Basic Formula payment was inadvertently lower than the \$6,110 that was the intended amount. The October payment will reflect a more accurate SAT.

State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for School Years 2016-17 & 2017-18 have been recalculated and are as follows:

State Adequacy Target	\$6,810
Free & Reduced Lunch Threshold	34.40%
Special Education (IEP) Threshold	11.60%
Limited English Proficiency Threshold	1.80%

The SAT will remain at an adjusted level through the calculation process until such time as there is funding available to increase the SAT to the calculated level provided above.

CORE DATA

September 2014 Membership Report to the Counties

Prior year September membership data (September 2014) are used by the county to calculate the 2015-16 distribution of Fines, Escheats, etc., as well as the apportionment of State Assessed Railroad and Utilities Revenue. A September membership report, which lists the membership data by district within the county as submitted to DESE by each district, is accessible on the School Finance website.

Two September Membership reports are available on the web to school districts. To access these reports, log on to the DESE Web Applications located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2014-15 and select the Report Menu option from the left hand navigation menu. Select Summary Reports. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected. Please review the membership data. If reporting errors are found, update the September 2014 membership through the MOSIS October Student Core file. Remember, a change made to September membership may necessitate a corresponding change to enrollment.

September 2015 Membership Count – Last Wednesday in September

The last Wednesday in September (September 30, 2015) is the membership count day and the enrollment count day. In the October Cycle MOSIS 2015 Student Core submission, individual student data are used to populate Core Data Screen 16 to provide enrollment data by male/female in the appropriate categories and report the September 2015, membership data by county. The Core Data & Missouri Student Information System Reference Manual provides the definitions for September enrollment and membership. Please certify data for the October cycle screens by October 15, 2015.

Reminders regarding reporting of enrollment and membership for students attending districts outside their district of residence:

- 1) District paid tuition – When the district of residence pays another district full tuition, the district of residence will receive the membership for the student but not the enrollment. Such students are known as Resident II students to the district of residence. The district educating the student will include the student in their MOSIS file as a non-resident with the appropriate district of residence code. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and will move other data, such as membership and attendance data, to the district of residence's core data files.
- 2) Parent paid tuition – When a parent pays tuition for a student to attend another district, the district of residence will not report the student in their MOSIS files and will not receive enrollment or membership. The district receiving the tuition from the parent and educating the student will include the student in their MOSIS file as a parent tuition student. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and move certain data to the district's core data files.
- 3) Local effort – When a district pays local effort only (as opposed to full tuition) to another district for a student attending that district, the district paying the local effort will not report the student in their MOSIS files and will not receive enrollment or membership. The district receiving the local effort payment and educating the student reports the student in their MOSIS file as a resident student. This will allow all appropriate data to flow into the district's core data files.

2015-16 Core Data Screen 6

The 2016 (2015-16 school year) tax levies and assessed valuations are reported on Screen 6 titled "District Tax Data" of the Core Data Collection System. The tax levy information entered on Screen 6 must agree with the levies on the **Estimate of Required Local Taxes** form, which is to be filed with the respective county(ies) by September 1. The assessed valuation data for 2015 entered on Screen 6 is the estimated assessed valuation received from the county in June/July for the 2015 calendar year and used in the calculation of the district's tax rate ceiling. Do not enter the December 31, 2014, assessed valuation on Screen 6 nor update the assessed valuation after the tax rate is set.

Please enter the Screen 6 data as soon as possible as this will impact the accuracy and completeness of the Missouri School Directory.

AUDIT REPORTS

Fiscal Year 2015 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2015 Audit Submissions:

- Audits, copies of signed board minutes approving the audit, and management letters should be submitted to DESE via the Tiered Monitoring System. The documents should be in Adobe searchable pdf format, version 11.0 or lower. The file description should be structured in the format "County District Code Document FY15" (i.e. 001090AuditFY15 or 001090BoardMinutesFY15).
- The audit report should be uploaded as "Audit Documents (required fiscal audit)" and the board minutes, management letter and any corrective action plans would be "Audit Documents (supporting docs)" in the file upload dialog box for the 2015-2016 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (Use the [global document repository \(uploads\)](#) link under "Utilities" on the right side of the screen to upload the documents.)
- The deadline for submitting audits is **December 31, 2015**. There is no longer any need to file for an extension of the audit deadline.
- Copies of signed board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to DESE in compliance with the provisions of the audit rule. With the change of audit submission via the Tiered Monitoring System, the auditor should not have access to this system and therefore not be able to upload the audit documents.
- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
 - The pages of the audit have been compared to the Table of Contents, and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
 - The audit includes the auditor's signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
 - The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.
 - The audit includes the updated version of the Schedule of Selected Statistics, which can be found at <http://dese.mo.gov/financial-admin-services/school-audits>.
 - The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
 - Submit/upload corrective action plans for federal and state findings in a separate document from the audit report.
 - The audit submission includes the district's Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Attendance Reporting

Students must be in attendance in an instructional capacity under the direct supervision of a certificated employee of the district to be counted for attendance purposes. A district may have policies allowing an excused absence for various purposes such as illness, religious beliefs, testing, etc.; however, there is no authority to give attendance credit for students not in attendance nor under the direct supervision of a certificated teacher.

The attendance of students taking a class in a zero hour is not included in the attendance reported for state aid since that zero hour is not part of the district's calendar hours in session.

In addition, there is no allowance in state statute that would allow for the make-up of attendance hours. A school district may require a student to make-up time for excessive absences; however, this does not allow the district to count those hours as attendance hours for the student.

For guidance regarding various attendance reporting scenarios please select the Attendance Reporting document from the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>.

Minimum Salary Requirements

In 2015-16 the minimum teacher's salary is \$25,000 and the minimum salary for a full-time teacher with a master's degree with at least ten years public teaching experience is \$33,000.

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students' hours are included in the average daily attendance calculation for state aid.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil. Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at 573-751-0357.

House Bill 1689 – Early Childhood Program

House Bill 1689, passed during the 2014 legislative session, allows for a school district that operates an early childhood education program to receive state funding through the foundation formula for students between the ages of three and five who are eligible for free and reduced lunch. This legislation will allow these students to be included in the average daily attendance calculation (ADA) of the district or LEA charter school. The total number of such pupils included in the ADA calculation cannot exceed 4% of the total number of pupils eligible for free and reduced lunch between the ages of three and eighteen who are included in the district's ADA calculation. The following schedule for implementation is included in this bill:

- This becomes applicable during the 2015-2016 school year for any district that has been declared unaccredited by the State Board of Education and remains unaccredited as of July 1, 2015.
- This becomes applicable during the 2016-2017 school year for any district that has been declared provisionally accredited by the State Board of Education after July 1, 2016.
- This becomes applicable during the 2017-2018 school year and any subsequent school year when the amount appropriated for subsections 1 and 2 of Section 163.031, RSMo (Basic Formula), is equal to or exceeds the amount necessary to fund the entitlement calculation.

SCHOOL GOVERNANCE

School Calendar

Section 171.031, RSMo., requires that school districts include in their annual calendar six makeup days for loss of attendance due to inclement weather. School districts are required to makeup the first six days of school lost or canceled due to inclement weather and half the number of days lost or canceled in excess of six days up to eight days, resulting in no more than ten total make-up days (Section 171.033 RSMo.). Excessive heat is excluded from the definition of inclement weather.

For additional guidance on School Calendar and Inclement Weather Requirements please refer to the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>.

Qualified Zone Academy Bonds (QZAB) Applications

The Qualified Zone Academy Bonds (QZAB) have been re-authorized by Congress, Missouri had a 2014 allocation of \$7,349,000. DESE held an application period that began on Monday, February 2, and ended at 4:00 pm on Friday, March 20, 2015. After this application period DESE still has \$4,274,000 of QZAB authorization from 2014. Another application period will commence on October 1, 2015, and will end on November 16, 2015, at 4:00 pm. The application can be accessed at <http://dese.mo.gov/financial-admin-services/school-governance/qualified-zone-academy-bond> by selecting the Application link, the 2014 authorization will expire on December 31, 2016.

SCHOOL TRANSPORTATION

National School Bus Safety Week

National School Bus Safety Week is October 19-23, 2015. This Year's Theme is "Be Smart – Be Seen, I wait in a safe **place!**" A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off the National Association of Pupil Transportation's website at http://www.napt.org/associations/3103/files/NSBSWdoc_Color.pdf.

Ridership Lists

On October 14, 2015 (the second Wednesday in October), the compilation of the school district's first ridership list for the year should be completed. This list should only include students' names who regularly rode the buses (at least once per week) living both one mile or more from school (eligible students for state aid) and less than one mile (ineligible students for state aid). The ridership list from the second Wednesday of October will be combined with the ridership list from the second Wednesday of February (February 10, 2016) and reported at the end of the year on the Application for State Transportation Aid (Section I Pupil Data - A thru F) of the 2015-16 Annual Secretary of the Board Report (ASBR) due August 15, 2016.

Deputy Commissioner's Comments

Revenue Trends YTD

	YTD as of <u>August FY15</u>	YTD as of <u>August FY16</u>	Revenue <u>Change</u>	<u>% Change</u>
Individual Income Taxes	\$850,300,000	\$907,300,000	\$57,000,000	6.70%
Sales & Use Taxes	\$343,400,000	\$361,100,000	\$17,700,000	5.15%
Corporate Inc. & Franchise	\$29,300,000	\$34,000,000	\$4,700,000	16.04%
Other Collections	\$65,200,000	\$64,000,000	(\$1,200,000)	-1.84%
Increase in Revenue YTD			\$78,200,000	6.07%
Refunds (YTD)	\$89,800,000	\$108,200,000	\$20,600,000	Refund <u>Change</u> 20.49%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
Actual Net Revenue Status YTD	\$1,198,400,000	\$1,258,200,000	\$59,800,000	4.99%

School District Trust Fund (Proposition C)

Amount Paid to Districts for Month	<u>(Sept) Prior Year</u> \$69,915,358	<u>(Sept) Current Year</u> \$80,879,371	<u>% Change</u> 15.68%
Amount Paid to Districts YTD	<u>Prior Year</u> \$218,921,175	<u>Current Year</u> \$222,720,251	5.71%
Appropriation	\$848,739,000	(Percentage of Appropriation Paid YTD 26.24%)	

Gaming Revenue Trend

Total Gaming Proceeds to Education	<u>(Aug) Prior Year</u> \$53,237,213	<u>(Aug) Current Year</u> \$51,490,856	<u>% Change</u> -3.28%
Gaming Revenue Appropriated	\$343,456,910		

FY16 Classroom Trust Fund Distribution Paid YTD Through Current Mont's Payment: *\$81,590,910 (23.76% of Appropriation)
 *(Includes \$0.00 unclaimed Lottery funds, \$13,466,456 carryover Gaming funds.)

- General Revenue:** In last month's memo we cited that July had been a weaker revenue month than was hoped for and expressed that its anomaly might not be a trendsetter for the entire fiscal year. In August we saw a rebound in revenue collections that were more encouraging than the initial month had been which places us on a better track moving forward. We remain hopeful that the economic activity of the state will continue to produce growth throughout the year.
- Proposition C:** Given that both FY14 and FY15 were very good years in sales tax collections for schools, FY16 has concluded its first two months in a very strong position as well. Spending patterns generally are the most immediate predictors of the economic outlook, and the fact that we now sit over five percent (5%) ahead of last year, gives us additional reason for optimism that the current year's budget appropriations are achievable.
- FY16 Foundation Formula Payments:** The September payment was inadvertently based upon a SAT of \$6,010 instead of the intended target of \$6,110. The October payment will reflect a more accurate SAT. As per statute, there is no longer a percentage adjustment. We do expect that in coming months the number used will change to reflect the more accurate attendance data the districts will be providing and/or to reflect in revisions of revenue estimated on funds that flow through the formula.

As this memo reaches offices across the state the 2015-16 school year will be well into its second month. From the reports we have received it seems like the year has gotten off to a very smooth start and that things are going generally very well. As always, things will come up that provide new challenges, and as always those in charge of providing for your school-age citizens will make every effort to assure that situations are handled in a way that best serves our students. Over my career it has been my observation that when we keep ourselves focused on the future of our children we do our best work. I am confident that as the months of this year roll swiftly along that this objective will continue to be at the forefront of our decisions and actions.

My best to you for all that you will do to serve the elementary and secondary students of Missouri.



Ronald Lankford

School Finance

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